

Winthrop LLP's Deposit Account No. 03-3975. A copy of this Response is provided for this purpose.

Claims 1 – 40 are presently pending. In this paper, no claims have been amended, deleted, or added. Please enter this paper and consider the remarks provided herein below.

II. AMENDMENTS

Please amend the specification by substituting the paragraph on page 13, lines 19 – 23.

-- Those skilled in the art will also appreciate that server 12 may alternatively be configured to store data in an external storage device (not shown) or combinations of internal and external storage devices. External storage devices may be local or remote to server 12. In addition, the storage devices of the present invention may be of any type known in the art (e.g., floppy disk, compact disk, tape drive, etc.) --

III. REMARKS

Reconsideration of the above-identified application in view of the following remarks is respectfully requested. Claims 1 – 40 are presently pending in the application. No claims have been amended by this Response.

The specification and figures provide support for the amendment made to the specification. No new matter has been added. For the reasons discussed herein, Applicants respectfully submit that all the claims are in condition for allowance.

a) Miscellaneous Amendments

The paragraph on page 13, lines 19 – 23, is amended to correct an obvious error, i.e., reference to an “internal” storage device should instead be a reference to an “external” storage device.

b) Response To The Rejection Of Claims 1-40 Under 35 U.S.C. § 103(a)

In the Office Action, Claims 1-40 are rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,351,738 (“Clark”) in view of U.S. Patent No. 6,345,261

("Feidelson") and further in view of U.S. Patent No. 5,689,650 ("McClelland"). (See Office Action ¶ 5.)

Clark discloses a collective business system including participants engaged in a common field of business endeavor, a plurality of suppliers of business support mechanisms of interest to the participants and a for-profit hub business entity ("HBE") for managing transactions between the suppliers, the participants and their customers. Under the system, the independently owned and operated participants are assigned geographically protected business locations, as well as one or more of volume discounts of goods and services, national marketing capacity, discount capital financing for purchase of costly technology and machinery, access to information technology, logistics support or other business support mechanisms. The assets of the HBE are substantially liquid asset based and the HBE enables, controls and derives income from transactions between the suppliers and participants. The system enables the participants to compete effectively with much larger corporate or similar entities or franchises in the same or similar industry or profession without sacrificing their independence.

Feidelson discloses a customer loyalty investment program. An exemplary embodiment is a method of providing an investment fund based on rebates received from on-line purchases comprising the steps of: registering members using a computer; identifying member purchases made at the on-line merchant sites; receiving rebates from the merchants based on member purchases; investing the rebates in the fund; issuing shares to each member based on the rebates received from merchants as a result of purchases made by that member; for rebates received from public merchants, purchasing securities of each public merchant based on the amount of rebates received from that particular merchant; and for rebates received from private merchants, purchasing securities in the public merchants as a function of the fund's then existing portfolio.

McClelland discloses a Community Reinvestment Act ("CRA") network including a network of data processes which may create diversified portfolios of CRA eligible assets through which investors can earn market returns and obtain CRA interests. The invention is further directed to a method and apparatus for establishing individual portfolios, matching CRA eligible assets within a portfolio to investor requirements, allocating CRA interests to specific investors and calculating the returns and average risk weight of each portfolio.

An exemplary method disclosed by McClelland includes the steps of: calculating a financial return on a pool of assets based on the financial return of each particular asset in a pool of assets and distributing the financial return to at least one investor by modifying an electronic computer record to indicate a particular financial distribution to the investor for the financial distribution; calculating the cognizable interest available from the pool of assets by qualifying each particular asset in the pool of assets for cognizable interest based on predetermined approval criteria wherein the predetermined approval criteria is electronically represented on the storage device so that the cognizable interest is linked to the pool of assets by modifying a computer record on the storage device so that each cognizable interest can be traced to the particular asset in the pool of assets that qualifies for the cognizable interest; and distributing the cognizable interest derived from the pool of assets to at least one financial investor in the pool of assets by modifying a computer record of each cognizable interest transaction in a storage device so that each cognizable interest can be linked to the particular asset in the pool of assets that was used to qualify the particular asset for cognizable interest and to identify when the cognizable interest is distributed to the investor. A “cognizable interest” is defined as a legally ascertainable right or claim that is separable from mere ownership.

1) **Response To The Rejection of Independent
Claims 1, 6, 18, and 30 Set Forth at Paragraph 6**

A) **Response To The Rejection Of Independent Claim 1**

Independent Claim 1 claims a method for supporting security-trade financing for a company seeking capital. “Security-trade financing” involves an agreement between a company seeking capital and a trading company wherein the company seeking capital provides security in return for trade credits and agrees to purchase products from the trading company’s inventory at a predetermined cash/trade-credit blend. The method includes the steps of maintaining an inventory data base including data identifying products; determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the cash/trade-credit blend includes a cash portion and a trade-credit portion; receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend; and receiving at least a portion of the

cash/trade-credit blend from the company in exchange for the proportional quantity of the products in inventory that are desired by the company.

Neither Clark, Feidelson, nor McClelland disclose or suggest, either alone or in combination, in whole or in part, each and every limitation of independent Claim 1. A more detailed response to each aspect of the Examiner's rejection is provided immediately below.

(i) Clark is Non-analogous Art

In the Office Action it is asserted that Clark teaches "a method for supporting security-trade financing for a company seeking capital" at Fig. 4, items 416; col. 4, lines 5-14; and col. 6, lines 6-7. In Fig. 4, items 416 depict marketing, information technology, goods/services, capital financing, logistics, and consulting services, which are generically described in the specification as "business support mechanisms 416 of interest to the participants" (col. 8, lines 66-67). Neither Fig. 4, item 416, nor the specification disclose or suggest, in whole or in part, that the business support mechanisms provide "a method for supporting security-trade financing for a company seeking capital."

At col. 4, lines 5-14, Clark discloses a system wherein a "hub business entity" ("HBE"), which is a substantially liquid-asset based, for-profit business entity, has a contractual arrangement to provide services to local independent business entities so they may effectively compete against much larger business entities. Neither at col. 4, lines 5-14, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that the HBE offers "a method for supporting security-trade financing for a company seeking capital."

At col. 6, lines 6-7, Clark discloses that one of the premium services and advantages offered by the HBE system ("HBES") to its participants is "access to capital financing at lower interest rates than the participant can obtain on its own." Neither at col. 6, lines 6-7, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that the HBES offers "a method for supporting security-trade financing for a company seeking capital."

It is clear that Clark is neither in the field of Applicants' endeavor, nor is Clark reasonably pertinent to the particular problem that the inventors were concerned, i.e., it is non-analogous art. M.P.E.P. § 2141.01(a). Accordingly, because Clark is non-analogous art (and,

frankly, does not disclose or suggest any aspect of Applicants' invention), Applicants respectfully request that the rejection of Claim 1 be withdrawn.

(ii) **Clark Does Not Teach the "Maintaining" Step**

In the Office Action it is asserted that Clark teaches the step of "maintaining an inventory data base including data identifying products" (the "maintaining" step) at col. 4, lines 21-32. At col. 4, lines 21-32, a HBES is described to provide several factors to serve the needs of its participants including a for-profit HBE, a geographically-segmented group of participants in the HBE, and an array of independent goods, services or programs suppliers. Neither at col. 4, lines 21-32, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of "maintaining an inventory data base including data identifying products."

It is clear that Clark does not disclose or suggest, in whole or in part, the "maintaining" step in either the figures or the sections of the specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejection of Claim 1 be withdrawn.

(iii) **Clark Does Not Teach the "Determining" Step**

In the Office Action it is asserted that Clark teaches the step of "determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion" (the "determining" step) at Fig. 4, item 414; col. 5, lines 6-14; col. 6, lines 3-5; col. 11, line 40 through col. 12, line 46; and col. 12, lines 50-56. In Fig. 4, item 414 depicts "participants" which are described in the specification as relatively small business entities in the same or similar field of endeavor (col. 8, line 61 through col. 9, line 8). Neither Fig. 4, item 414, nor the specification disclose or suggest, in whole or in part, the step of "determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion."

At col. 5, lines 6-14, Clark discloses that the participants are free to procure products or services from within or without the HBES. Neither at col. 5, lines 6-14, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of "determining a

cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion.”

At col. 6, lines 3-5, Clark discloses that one of the premium services and advantages offered by the HBES to its participants is “strategic alliances with national organizations representing potential customers for the goods or services offered by the participant.” Neither at col. 6, lines 3-5, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of “determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion.”

At col. 11, line 40, through col. 12, line 46, Clark discloses: that electronic commerce may be transacted between the suppliers and purchasers over an HBE e-commerce system (col. 11, lines 40-61, and Fig. 5); that suppliers may offer incentives and exchange information with participants over the HBE e-commerce system (col. 11, line 62, through col. 12, line 3); that HBE includes an Internet website to enhance the participants’ marketing and sales capability with customers (col. 12, lines 4-24, and Fig. 6); that electronic commerce may be transacted between the customers and participants over the HBE e-commerce system (col. 12, lines 25-33); and that the HBES may be useful for relatively small businesses in a common field of endeavor to acquire support mechanisms to effectively compete with larger nationally or internationally based competitors (col. 12, lines 34-46). Neither at col. 11, line 40, through col. 12, line 46, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of “determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion.”

At col. 12, lines 50-56, Clark discloses that participants may exchange useful business information and reciprocal service discounts. Neither at col. 12, lines 50-56, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of “determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion.”

It is clear that Clark does not disclose or suggest, in whole or in part, the “determining” step in either the figures or sections of the specification cited by the Examiner, or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejection of Claim 1 be withdrawn.

(iv) Clark Does Not Teach the “Receiving a Cash/Trade-Credit Blend” Step

In the Office Action it is further asserted that Clark teaches the step of “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company” (the “receiving a cash/trade-credit blend” step) in Fig. 4, item 410; Fig. 5; col. 5, lines 21-50; and col. 8, line 57, through col. 10, line 54. In Fig. 4, item 410 identifies the entire schematic representation of the HBE system. Neither the schematic system depicted in Fig. 4 nor anywhere in the specification does Clark disclose or suggest, in whole or in part, the step of “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company.” Fig. 5 is a schematic representation of the operation of an e-commerce system adapted for use in the HBE system. Neither the schematic system depicted in Fig. 5 nor anywhere in the specification does Clark disclose or suggest, in whole or in part, the step of “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company.”

At col. 5, lines 21-50, Clark discloses that the HBE e-commerce system will link the HBE, selected suppliers, participants, and customers in an essentially paperless network of commerce where the HBE can negotiate reduced prices and receive commissions or rebates from the vendors, some or all of which may be shared at the discretion of the HBE with the participants. Neither at col. 5, lines 21-50, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company.”

At col. 8, line 57, through col. 10, line 54, Clark discloses that the HBE essentially functions to monitor and control the income and business support mechanisms streams between the participants, customers and the suppliers of the business support mechanisms, wherein the business support mechanisms include national marketing services, information technology products and support services, discount goods and services for resale, discount capital financing, and logistics support capabilities and consulting services.

Neither at col. 8, line 57, through col. 10, line 54, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, the step of “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company.”

It is clear that Clark does not disclose or suggest, in whole or in part, the “receiving a cash/trade-credit blend” step in either the figures or sections of the specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejection of Claim 1 be withdrawn.

In the Office Action it is noted that Clark teaches “volume rebates” in Fig. 5, “capital financing” in Fig. 4, and the “ability of equity participants to be part of an IPO without loss of control” at col. 6, lines 8-9, however it is entirely unclear how these disclosures relate to or teach any of the steps of Claim 1. Consequently, Applicant is unable to provide a response regarding these points. Accordingly, Applicants respectfully request that the rejection of Claim 1 be withdrawn.

**(v) Feidelson Does Not Teach the “Receiving Securities”
Step and McClelland Does Not Teach “Cash/Trade-
Credit Blends”**

In the Office Action it is stated that Clark fails to teach the step of “receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend” (the “receiving securities” step). It is asserted instead that Feidelson teaches the “receiving securities” step in the Abstract; Fig. 1, Fig. 2, Fig. 3, and col. 2, line 6, through col. 4, line 20, and that McClelland teaches “cash/trade-credit blends” at col. 6, line 36, through col. 8, line 4. The Office Action further asserts that the motivation to combine Clark in view of Feidelson is to

teach a user-friendly investment based customer credit program as enunciated by Feidelson at col. 2, lines 1 – 3, and that the motivation to combine Clark in view of Feidelson and further in view of McClelland is to teach a method for allocating business interests to participants in a risk managed portfolio as enunciated by McClelland at col. 4, lines 1 – 3.

Applicants first bring to the Examiner's attention the definitions of several terms used in the "receiving securities" step of Claim 1. The term "trade credit" may be defined as any credits that are redeemable by themselves or in combination with cash for the purchase of products (page 1, lines 23 – 25). The term "cash/trade-credit blend," "cash-credit blend," or the like may be defined as any combination of cash and trade credits (page 11, lines 21 – 24).

In Feidelson, the Abstract summarizes the customer loyalty investment program system and method as detailed in the specification. The method may include the steps of negotiating rebate percentages with merchants, registering members, receiving rebates from the merchants based on member purchases, investing the rebates in the fund, including securities of at least one merchant, and issuing shares in the fund to members based on rebates received as a result of their respective purchases. The system may include a networked system including a web server having elements supporting the above-described method. Neither the Abstract nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, the step of "receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend." Furthermore, the Abstract does not disclose or suggest, in whole or in part, the use of "trade credits," "cash/trade-credit blends," or the like.

Fig. 1 of Feidelson is a block diagram of an e-commerce embodiment of the disclosed invention. A web server 10a is accessible via a communication network such as the Internet 60 to a plurality of members 80 using computers at their respective remote locations. Member agents 85, merchants 90, merchant banks 95, and card processors 100 are also shown connected to the Internet 60. Firewall 8, load balancer 9, application server 10b, firewall 12, database server 10c, and a file transfer protocol (FTP) server 55 to transfer an agent 65 FTP server to a broker 75 FTP server are also shown. Web server 10a contains the web site of the embodiment, and is preferably accessible via the Internet 60 through firewall 8. Database server 10c preferably is a programmed general purpose computer that includes a processor 12, a memory 14

and an input/output means 16. The input/output means 16 is used, among other things, to transmit and receive information to and from the FTP server 55. Memory 14 stores member information 20, merchant information 25, investment fund information 30, purchase/rebate information 32, on-line financial products/services information 35, credit card issuer information 40, and computer programs 45 for operating database server 10c in accordance with the embodiment. (Col. 5, lines 4 – 59.)

Neither Fig. 1 nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, the step of “receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend.” Furthermore, Fig. 1 does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

Fig. 2 of Feidelson is a flowchart that outlines the method of the e-commerce embodiment of the disclosed invention. The method includes the steps of negotiating rebate percentages with participating merchants 200, registering members 210, receiving rebates from merchants 220 in response to purchases made at participating merchant web sites, issuing shares 240 in the mutual fund to members as a function of the rebate monies received from merchants based on member purchases, and investing the rebate monies by purchasing merchant securities in proportion to the rebate monies received from the merchants 250 (col. 7, lines 1 – 11).

Neither Fig. 2 nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, the step of “receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend.” Furthermore, Fig. 2 does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

Fig. 3 of Feidelson depicts interactions between the system administrator 300, merchants 304, and members 306 using the system of the e-commerce embodiment of the disclosed invention. The administrator 300 first negotiates a contract with various on-line merchants 304 such that the merchants 304 agree to rebate a percentage of the purchase price of products or services bought by members 306 of the program. The administrator 300, in turn, generally agrees to invest any rebates in the merchant’s publicly traded securities in proportion to the rebate amounts received. Members 306 register for the program using an on-line registration

form. Upon submitting the registration form, the database server 10c creates in the member database information 20 a file for the new member, extracts the information from the registration form, and preferably assigns a system identification number to the member. A registered member of the program may make on-line purchases of goods or services from participating merchant web sites as shown by block 310. Once a product or service is purchased, the purchase/rebate database information 32 is updated to reflect each member's purchases and the credits he has earned based on those purchases, and to reflect the purchases made at the merchant and thus the rebate monies 313 owed to the administrator 300 by the merchant 304. The rebate monies 313 are forwarded to the administrator 300 or directly to an escrow account 321. Once the rebate monies 313 have been received, the rebate database information 32 is updated to reflect that the rebated monies have been received. The database server 10c periodically queries the member purchase/rebate information 32 to locate member accounts that have total rebate amounts that exceed a specified minimum amount. The result of the query is then compiled into a FTP file and sent to a FTP server at the transfer agent 65. The administrator also causes monies in the escrow account 321 corresponding to these rebate amounts to be forwarded to the transfer agent 65 so that the monies can be invested in the fund 324. The transfer agent's FTP server processes the file and the transfer agent 65 issues shares in the fund to the appropriate members as depicted by block 328. The database server 10c periodically queries the stored purchase rebate information 32 to determine what merchant securities should be purchased and in what amounts. The broker 75 purchases the merchant securities as directed by the administrator and transmits a confirmation FTP file to the administrator FTP server 55. The server database 10c then accesses the confirmation file and automatically updates the stored investment fund information 30 to reflect the security purchases. (Col. 7, line 12, through col. 12, line 42.)

Neither Fig. 3 nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, the step of "receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend." Furthermore, Fig. 3 does not disclose or suggest, in whole or in part, the use of "trade credits," "cash/trade-credit blends," or the like.

In Feidelson at col. 2, line 6, through col. 4, line 20, several preferred embodiments of the invention are disclosed. A representative embodiment relates to a method of providing an investment fund based on rebates received from on-line purchases comprising the steps of: registering members using a computer; identifying member purchases made at the on-line merchant sites; receiving rebates from the merchants based on member purchases; investing the rebates in the fund; issuing shares to each member based on the rebates received from merchants as a result of purchases made by that member; for rebates received from public merchants, purchasing securities of each public merchant based on the amount of rebates received from that particular merchant; and for rebates received from private merchants, purchasing securities in the private merchants as a function of the fund's then existing portfolio (col. 2, lines 25 – 39).

Neither at col. 2, line 6, through col. 4, line 20, nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, the step of “receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend.” Furthermore, col. 2, line 6, through col. 4, line 20, does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

It is clear that Feidelson does not disclose or suggest, in whole or in part, the “receiving securities” step in either the figures or sections of the specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejection of Claim 1 be withdrawn.

The Examiner states that the motivation to combine Clark in view of Feidelson is to teach a user-friendly investment based customer credit program as enunciated by Feidelson at col. 2, lines 1 – 3. Applicants' invention, however, is not an investment based customer credit program, but is instead a system and method for supporting a security-trade financing service. Furthermore, as stated in detail herein above, neither Clark nor Feidelson disclose or suggest, alone or in combination, in whole or in part, any of the steps of Claim 1.

In McClelland at col. 6, line 36, through col. 8, line 4, there is an overview of a community reinvestment act (CRA) network and portfolio structures therefor. The CRA network assembles desired assets into separate portfolios, which are essentially pools of assets,

on behalf of its investors. Investors may hold undivided interests in a specific portfolio or mix of portfolios. Each investor may share in the portfolio's returns and risks in proportion to their share of the portfolio. In addition, the CRA network may maintain a parallel CRA accounting system for the purpose of allocating CRA interests to investors. The CRA accounting process may allocate specific CRA interests associated with specific assets to specific investors.

Neither at col. 6, line 36, through col. 8, line 4, nor in the remainder of the specification does McClelland disclose or suggest, in whole or in part, "cash/trade-credit blends." Accordingly, Applicants respectfully request that the rejection of Claim 1 be withdrawn.

The Examiner states that the motivation to combine Clark in view of Feidelson and further in view of McClelland is to teach a method for allocating business interests to participants in a risk managed portfolio as enunciated by McClelland at col. 4, lines 1 – 3. Applicants' invention, however, is not a system for allocating business interests to participants in a risk managed portfolio, but is instead a system and method for supporting a security-trade financing service. Furthermore, as stated in detail herein above, neither Clark, Feidelson, nor McClelland disclose or suggest, alone or in combination, in whole or in part, any of the steps of Claim 1.

B) Response To The Rejection Of Independent Claim 6

Independent Claim 6 claims a method for supporting security-trade financing for a company seeking capital. The method includes the steps of storing data identifying inventory allocations and inventory components desired by the company; calculating a total plan cost basis based on the inventory allocations and cost basis of the inventory components; calculating a cash-credit ratio based on the total plan cost basis and a desired plan cost basis; calculating one or more cash/trade-credit blends based on the desired plan cost basis, the cash-credit ratio, and one or more investment values; and outputting the one or more cash/trade-credit blends.

Neither Clark, Feidelson, nor McClelland disclose or suggest, either alone or in combination, in whole or in part, each and every limitation of independent Claims 6.

In the Office Action it is asserted that as per claim 6 Clark in view of Feidelson and further in view of McClelland teaches a method for supporting security-trade financing for a

company seeking capital including the steps of “maintaining an inventory data base including data identifying products;” “determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the cash/trade-credit blend includes a cash portion and a trade-credit portion;” “receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend;” and “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company” (i.e., the steps delineated in Claim 1.)

Claim 6 does not include any of the steps of Claim 1. Furthermore, none of the steps of Claim 6 are sufficiently similar to the steps of Claim 1 to allow Applicants to provide a proper response to the rejection of Claim 6. Accordingly, because the rejection cannot be legitimately responded to, Applicants respectfully request that the rejection of Claim 6 be withdrawn.

C) Response To The Rejection Of Independent Claim 18

Independent Claim 18 claims a data processing system for supporting security-trade financing for a company seeking capital. The system includes a computer processor means for processing data; storage means for storing data on a storage device; first means for storing data identifying inventory allocations and inventory components desired by the company in the storage device; second means for calculating a total plan cost basis based on the inventory allocations and cost basis of the inventory components; third means for calculating a cash-credit ratio based on the total plan cost basis and a desired plan cost basis; fourth means for calculating one or more cash/trade-credit blends based on the desired plan cost basis, the cash-credit ratio, and one or more investment values; and fifth means for outputting the one or more cash/trade-credit blends.

Neither Clark, Feidelson, nor McClelland disclose or suggest, either alone or in combination, in whole or in part, each and every limitation of independent Claims 18.

In the Office Action it is asserted that as per claim 18 Clark in view of Feidelson and further in view of McClelland teaches a method for supporting security-trade financing for a company seeking capital including the steps of “maintaining an inventory data base including data identifying products;” “determining a cash/trade-credit blend for the purpose of providing

financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion;” “receiving securities from the company in exchange for the trade-credit portion of the cash/trade-credit blend;” and “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company” (i.e., the steps delineated in Claim 1.)

Claim 18 does not include any of the steps of Claim 1. Furthermore, none of the steps of Claim 18 are sufficiently similar to the steps of Claim 1 to allow Applicants to provide a proper response to the rejection of Claim 18. Accordingly, because the rejection cannot be legitimately responded to, Applicants respectfully request that the rejection of Claim 18 be withdrawn.

D) Response To The Rejection Of Independent Claim 30

Independent Claim 30 claims a data processing system for supporting security-trade financing for a company seeking capital. The system includes a storage device for storing data identifying inventory components and corresponding cost bases; a processor in communication with the storage device, wherein the processor is operative to: store data on the storage device identifying inventory allocations and certain inventory components desired by the company, a desired plan cost basis, and one or more investment values; calculate a total plan cost basis based on the inventory allocations and the cost bases of the certain inventory components; calculate a cash-credit ratio based on the total plan cost basis and the desired plan cost basis; calculate one or more cash/trade-credit blends based on the desired plan cost basis, the cash-credit ratio, and one or more investment values; and output the one or more cash/trade-credit blends.

Neither Clark, Feidelson, nor McClelland disclose or suggest, either alone or in combination, in whole or in part, each and every limitation of independent Claims 30.

In the Office Action it is asserted that as per claim 30 Clark in view of Feidelson and further in view of McClelland teaches a method for supporting security-trade financing for a company seeking capital including the steps of “maintaining an inventory data base including data identifying products;” “determining a cash/trade-credit blend for the purpose of providing financing to the company, wherein the case/trade-credit blend includes a cash portion and a trade-credit portion;” “receiving securities from the company in exchange for the trade-credit

portion of the cash/trade-credit blend;” and “receiving at least a portion of the cash/trade-credit blend from the company in exchange for a proportional quantity of the products in inventory that are desired by the company” (i.e., the steps delineated in Claim 1.)

Claim 30 does not include any of the steps of Claim 1. Furthermore, none of the steps of Claim 30 are sufficiently similar to the steps of Claim 1 to allow Applicants to provide a proper response to the rejection of Claim 30. Accordingly, because the rejection cannot be legitimately responded to, Applicants respectfully request that the rejection of Claim 30 be withdrawn.

2) Response To The Rejection of Claim 2 Set Forth Under Paragraph 7

In the Office Action at paragraph 7, Claim 2 is rejected under § 103 as being unpatentable over Clark in view of Feidelson and further in view of McClelland.

Claim 2, which is dependent on independent Claim 1, further claims the steps of receiving deficient assets from a deficient asset company; transmitting trade credits to the deficient asset company to pay, at least in part, for the deficient assets; and storing data identifying the deficient assets in the inventory data base.

Neither Clark, Feidelson, nor McClelland disclose or suggest, either alone or in combination, in whole or in part, each and every limitation of dependent Claim 2.

In the Office Action it is stated that Clark does not teach the step of “receiving deficient assets from a deficient asset company,” nor is it specifically stated that the step is taught in Feidelson. If Applicants are to assume that the Examiner intended to assert that the step is taught in Feidelson, the Examiner has not indicated where in the disclosure the step is taught. Because neither Clark nor Feidelson disclose or suggest, in whole or in part, the step of “receiving deficient assets from a deficient asset company,” Applicants respectfully request that the rejection of Claim 2 be withdrawn.

Further, the Office Action asserts that Clark teaches the step of “transmitting trade credits to the deficient asset company” at Fig. 4, item 410. In Fig. 4, item 410 identifies the entire schematic representation of the HBE system. Neither the schematic system depicted in Fig. 4 nor anywhere in the specification does Clark disclose or suggest, in whole or in part, the step of

“transmitting trade credits to the deficient asset company.” Accordingly, Applicants respectfully request that the rejection of Claim 2 be withdrawn.

Further, the Office Action asserts that Clark in view of Feidelson and further in view of McClelland teaches the steps of “paying for the deficient assets of a deficient [asset] company” and “storing data identifying the deficient assets in the inventory data base.” However, nowhere in the Office Action has the Examiner indicated where in the specification of Clark, Feidelson, or McClelland such teachings can be found. Upon review of the specifications, Applicants believe that neither Clark, Feidelson, nor McClelland disclose or suggest, either alone or in combination, in whole or in part, the steps of “paying for the deficient assets of a deficient [asset] company” and “storing data identifying the deficient assets in the inventory data base.” Accordingly, Applicants respectfully request that the rejection of Claim 2 be withdrawn.

**3) Response To The Rejection Of Dependent Claims 3, 10-12,
and 33-34 Set Forth Under Paragraph 8**

In the Office Action at paragraph 8, Claims 3, 10-12, and 33-34 are rejected under § 103 as being unpatentable over Clark. More particularly, it is stated that Clark discloses that “products identified in the inventory data base are categorized” at col. 9, line 49; col. 10, lines 4-7; and Fig. 4, items 414 and 418.

At col. 9, line 49, Clark discloses that “business support mechanisms ... that may be made available to participants ... include national marketing services, information technology products and support services, discount goods and services for resale, discount capital financing, and logistics support capabilities and consulting services.” Neither at col. 9, line 49, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that “products identified in the inventory data base are categorized.”

At col. 10, lines 4-7, Clark discloses that “customers ... of participants ... or HBE ... may access HBE ... for a fee to obtain information and technology services of interest while purchasing other desired goods and services from the participants.” Neither at col. 10, lines 4-7, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that “products identified in the inventory data base are categorized.”

In Fig. 4, item 414 depicts “participants” which are described in the specification as relatively small business entities in the same or similar field of endeavor (col. 8, line 61 through col. 9, line 8.) Neither Fig. 4, item 414, nor the specification disclose or suggest, in whole or in part, that “products identified in the inventory data base are categorized.” In Fig. 4, item 418 depicts “customers” which are depicted as purchasers of participants’ goods and services. Neither Fig. 4, item 418, nor the specification disclose or suggest, in whole or in part, that “products identified in the inventory data base are categorized.”

It is clear that Clark does not disclose or suggest, in whole or in part, that “products identified in the inventory data base are categorized,” in either the figures and sections of the specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejections of Claims 3, 10-12, and 33-34 be withdrawn.

**4) Response To The Rejection Of Dependent Claims 4, 9, 13-14,
and 21-25 Set Forth Under Paragraph 9**

In the Office Action at paragraph 9, Claims 4, 9, 13-14, and 21-25 are rejected under § 103 as being unpatentable over Clark. More particularly, it is stated that Clark teaches a method wherein the “products are selected from the group consisting of goods and services.” Claims 4, 9 and 13-14, and 21-25 are dependent on independent Claims 1, 6 and 18, respectively. As discussed above, Applicants consider independent Claims 1, 6 and 18 patentable over Clark in view of Feidelson and further in view of McClelland. Therefore, because Claims 4, 9, 13-14, and 21-25 are dependent upon patentable claims, they should also be considered patentable. Accordingly, Applicants respectfully request that the rejections of Claims 4, 9, 13-14, and 21-25 be withdrawn.

Furthermore, the rejection does not appear appropriately directed toward Claim 9. More particularly, Claim 9 does not claim a method wherein the “products are selected from the group consisting of goods and services.” Instead, Claim 9 claims a method “wherein the inventory components are selected from the group consisting of one or more categories of inventory products and one or more particular inventory products.” That is, Claim 9 does not claim the same subject matter as the subject matter recited by the Examiner. Therefore, because the rejection does not appear appropriately directed toward Claim 9, that claim should be considered

patentable. Accordingly, Applicants respectfully request that the rejection of Claim 9 be withdrawn.

Likewise, the rejection does not appear appropriately directed toward Claims 13 and 14. More particularly, Claims 13 and 14 do not claim a method wherein the “products are selected from the group consisting of goods and services.” Instead, Claim 13 claims a method “wherein the cost basis of the inventory components are selected from the group consisting of an actual cost bases and an estimated cost bases,” and Claim 14 claims a method “wherein the total plan cost basis is selected from the group consisting of a total actual plan cost basis and a total estimated plan cost basis.” That is, Claims 13 and 14 do not claim the same subject matter as the subject matter recited by the Examiner. Therefore, because the rejection does not appear appropriately directed toward Claims 13 and 14, those claims should be considered patentable. Accordingly, Applicants respectfully request that the rejections of Claims 13 and 14 be withdrawn.

Likewise, the rejection does not appear appropriately directed toward Claims 21 – 25. More particularly, Claims 21 – 25 do not claim a method wherein the “products are selected from the group consisting of goods and services.” Instead, for example, Claim 21 claims a method “wherein the inventory components are selected from the group consisting of one or more categories of inventory products and one or more particular inventory products.” That is, Claims 21 – 25 do not claim the same subject matter as the subject matter recited by the Examiner. Therefore, because the rejection does not appear appropriately directed toward Claims 21 – 25, those claims should be considered patentable. Accordingly, Applicants respectfully request that the rejections of Claims 21 – 25 be withdrawn.

5) Response To The Rejection Of Dependent Claims 5, 27-28, and 39-40 Set Forth Under Paragraph 10

In the Office Action at paragraph 10, Claims 5, 27-28, and 39-40 are rejected under § 103 as being unpatentable over Clark in view of Feidelson and further in view of McClelland. More particularly, it is stated that Clark discloses that a “cash/trade-credit blend is represented by a cash-credit ratio” at col. 10, lines 34-36. Further, it is asserted that although Clark fails to teach a specific cash-credit ratio, that Feidelson teaches this and McClelland teaches cash/credit blends.

At col. 10, lines 34-36, Clark discloses that some of the advantages that HBES provides participants include: “discount capital financing for purchase of expensive technology, machinery, vehicles and the like;” and “discounted goods and services for resale.” Neither at col. 10, lines 34-36, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that a “cash/trade-credit blend is represented by a cash-credit ratio.”

In Feidelson, the Abstract summarizes the customer loyalty investment program system and method as detailed in the specification. The method may include the steps of negotiating rebate percentages with merchants, registering members, receiving rebates from the merchants based on member purchases, investing the rebates in the fund, including securities of at least one merchant, and issuing shares in the fund to members based on rebates received as a result of their respective purchases. The system may include a networked system including a web server having elements supporting the above-described method.

Neither the Abstract nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, a specific cash-credit ratio. Furthermore, the Abstract does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

Fig. 1 of Feidelson is a block diagram of an e-commerce embodiment of the disclosed invention. A web server 10a is accessible via a communication network such as the Internet 60 to a plurality of members 80 using computers at their respective remote locations. Member agents 85, merchants 90, merchant banks 95, and card processors 100 are also shown connected to the Internet 60. Firewall 8, load balancer 9, application server 10b, firewall 12, database server 10c, and a file transfer protocol (FTP) server 55 to transfer an agent 65 FTP server to a broker 75 FTP server are also shown. Web server 10a contains the web site of the embodiment, and is preferably accessible via the Internet 60 through firewall 8. Database server 10c preferably is a programmed general purpose computer that includes a processor 12, a memory 14 and an input/output means 16. The input/output means 16 is used, among other things, to transmit and receive information to and from the FTP server 55. Memory 14 stores member information 20, merchant information 25, investment fund information 30, purchase/rebate information 32, on-line financial products/services information 35, credit card issuer information

40, and computer programs 45 for operating database server 10c in accordance with the embodiment. (Col. 5, lines 4 – 59.)

Neither Fig. 1 nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, a specific cash-credit ratio. Furthermore, Fig. 1 does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

Fig. 2 of Feidelson is a flowchart that outlines the method of the e-commerce embodiment of the disclosed invention. The method includes the steps of negotiating rebate percentages with participating merchants 200, registering members 210, receiving rebates from merchants 220 in response to purchases made at participating merchant web sites, issuing shares 240 in the mutual fund to members as a function of the rebate monies received from merchants based on member purchases, and investing the rebate monies by purchasing merchant securities in proportion to the rebate monies received from the merchants 250 (col. 7, lines 1 – 11).

Neither Fig. 2 nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, a specific cash-credit ratio. Furthermore, Fig. 2 does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

Fig. 3 of Feidelson depicts interactions between the system administrator 300, merchants 304, and members 306 using the system of the e-commerce embodiment of the disclosed invention. The administrator 300 first negotiates a contract with various on-line merchants 304 such that the merchants 304 agree to rebate a percentage of the purchase price of products or services bought by members 306 of the program. The administrator 300, in turn, generally agrees to invest any rebates in the merchant’s publicly traded securities in proportion to the rebate amounts received. Members 306 register for the program using an on-line registration form. Upon submitting the registration form, the database server 10c creates in the member database information 20 a file for the new member, extracts the information from the registration form, and preferably assigns a system identification number to the member. A registered member of the program may make on-line purchases of goods or services from participating merchant web sites as shown by block 310. Once a product or service is purchased, the purchase/rebate database information 32 is updated to reflect each member’s purchases and the

credits he has earned based on those purchases, and to reflect the purchases made at the merchant and thus the rebate monies 313 owed to the administrator 300 by the merchant 304. The rebate monies 313 are forwarded to the administrator 300 or directly to an escrow account 321. Once the rebate monies 313 have been received, the rebate database information 32 is updated to reflect that the rebated monies have been received. The database server 10c periodically queries the member purchase/rebate information 32 to locate member accounts that have total rebate amounts that exceed a specified minimum amount. The result of the query is then compiled into a FTP file and sent to a FTP server at the transfer agent 65. The administrator also causes monies in the escrow account 321 corresponding to these rebate amounts to be forwarded to the transfer agent 65 so that the monies can be invested in the fund 324. The transfer agent's FTP server processes the file and the transfer agent 65 issues shares in the fund to the appropriate members as depicted by block 328. The database server 10c periodically queries the stored purchase rebate information 32 to determine what merchant securities should be purchased and in what amounts. The broker 75 purchases the merchant securities as directed by the administrator and transmits a confirmation FTP file to the administrator FTP server 55. The server database 10c then accesses the confirmation file and automatically updates the stored investment fund information 30 to reflect the security purchases. (Col. 7, line 12, through col. 12, line 42.)

Neither Fig. 3 nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, a specific cash-credit ratio. Furthermore, Fig. 3 does not disclose or suggest, in whole or in part, the use of "trade credits," "cash/trade-credit blends," or the like.

In Feidelson at col. 2, line 6, through col. 4, line 20, several preferred embodiments of the invention are disclosed. A representative embodiment relates to a method of providing an investment fund based on rebates received from on-line purchases comprising the steps of: registering members using a computer; identifying member purchases made at the on-line merchant sites; receiving rebates from the merchants based on member purchases; investing the rebates in the fund; issuing shares to each member based on the rebates received from merchants as a result of purchases made by that member; for rebates received from public merchants, purchasing securities of each public merchant based on the amount of rebates received from that

particular merchant; and for rebates received from private merchants, purchasing securities in the private merchants as a function of the fund's then existing portfolio (col. 2, lines 25 – 39).

Neither at col. 2, line 6, through col. 4, line 20, nor in the remainder of the specification does Feidelson disclose or suggest, in whole or in part, a specific cash-credit ratio. Furthermore, col. 2, line 6, through col. 4, line 20, does not disclose or suggest, in whole or in part, the use of “trade credits,” “cash/trade-credit blends,” or the like.

It is clear that Feidelson does not disclose or suggest, in whole or in part, a specific cash-credit ratio in either the figures or sections of the specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejection of Claims 5, 27-28, and 39-40 be withdrawn.

The Examiner states that the motivation to combine Clark in view of Feidelson is to teach a user-friendly investment based customer credit program as enunciated by Feidelson at col. 2, lines 1 – 3. Applicants' invention, however, is not an investment based customer credit program, but is instead a system and method for supporting a security-trade financing service. Furthermore, as stated in detail herein above, neither Clark nor Feidelson disclose or suggest, alone or in combination, in whole or in part, any of the steps of Claims 5, 27-28, and 39-40.

In McClelland at col. 6, line 36, through col. 8, line 4, there is an overview of a community reinvestment act (CRA) network and portfolio structures therefor. The CRA network assembles desired assets into separate portfolios, which are essentially pools of assets, on behalf of its investors. Investors may hold undivided interests in a specific portfolio or mix of portfolios. Each investor may share in the portfolio's returns and risks in proportion to their share of the portfolio. In addition, the CRA network may maintain a parallel CRA accounting system for the purpose of allocating CRA interests to investors. The CRA accounting process may allocate specific CRA interests associated with specific assets to specific investors.

Neither at col. 6, line 36, through col. 8, line 4, nor in the remainder of the specification does McClelland disclose or suggest, in whole or in part, “cash/trade-credit blends.” Accordingly, Applicants respectfully request that the rejection of Claims 5, 27-28, and 39-40 be withdrawn.

The Examiner states that the motivation to combine Clark in view of Feidelson and further in view of McClelland is to teach a method for allocating business interests to participants in a risk managed portfolio as enunciated by McClelland at col. 4, lines 1 – 3. Applicants' invention, however, is not a system for allocating business interests to participants in a risk managed portfolio, but is instead a system and method for supporting a security-trade financing service.

It is clear that Clark in view of Feidelson and further in view of McClelland does not disclose or suggest, in whole or in part, that a “cash/trade-credit blend is represented by a cash-credit ratio” and that such a cash-credit ratio may be between a specific range (e.g., 1/99 and 99/1). Accordingly, Applicants respectfully request that the rejection of Claims 5, 27-28, and 39-40 be withdrawn.

6) Response To The Rejection Of Dependent Claims 7, 16-17, 19-20, 26, 29, 31, and 37-38 Set Forth Under Paragraph 11

In the Office Action at paragraph 11, Claims 7, 16-17, 19-20, 26, 29, 31, and 37-38 are rejected under § 103 as being unpatentable over Clark. More particularly, it is stated that Clark discloses that “the desired plan cost basis is based on valuations of the company” at col. 10, lines 43-45, and Fig. 4, items 416.

At col. 10, lines 43-45, Clark discloses that an advantage that HBES provides participants is “equity benefits and no inventory capital loss risk for stockholder participants.” Neither at col. 10, lines 43-45, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that “the desired plan cost basis is based on valuations of the company.”

In Fig. 4, items 416 depict marketing, information technology, goods/services, capital financing, logistics, and consulting services, which are generically described in the specification as “business support mechanisms 416 of interest to the participants” (col. 8, lines 66-67). Neither Fig. 4, item 416, nor the specification disclose or suggest, in whole or in part, that “the desired plan cost basis is based on valuations of the company.”

It is clear that Clark does not disclose or suggest, in whole or in part, that “the desired plan cost basis is based on valuations of the company,” in either the figure and sections of the

specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejections of Claims 7, 16-17, 19-20, 26, 29, 31, and 37-38 be withdrawn.

7) Response To The Rejection Of Dependent Claims 8, 32, and 35-36 Set Forth Under Paragraph 12

In the Office Action at paragraph 12, Claims 8, 32, and 35-36 are rejected under § 103 as being unpatentable over Clark. More particularly, it is stated that Clark discloses that “the valuations include an agreed-to valuation and a desired valuation” at col. 10, lines 43-45, and Fig. 4, items 416.

At col. 10, lines 43-45, Clark discloses that an advantage that HBES provides participants is “equity benefits and no inventory capital loss risk for stockholder participants.” Neither at col. 10, lines 43-45, nor in the remainder of the specification does Clark disclose or suggest, in whole or in part, that “the valuations include an agreed-to valuation and a desired valuation.”

In Fig. 4, items 416 depict marketing, information technology, goods/services, capital financing, logistics, and consulting services, which are generically described in the specification as “business support mechanisms 416 of interest to the participants” (col. 8, lines 66-67). Neither Fig. 4, item 416, nor the specification disclose or suggest, in whole or in part, that “the valuations include an agreed-to valuation and a desired valuation.”

It is clear that Clark does not disclose or suggest, in whole or in part, that “the valuations include an agreed-to valuation and a desired valuation,” in either the figure and section of the specification cited by the Examiner or in the remainder of the specification. Accordingly, Applicants respectfully request that the rejections of Claims 8, 32, and 35-36 be withdrawn.

8) Response To The Rejection Of Dependent Claim 15

In the Office Action at paragraph 5, Claim 15 is rejected under § 103 as being unpatentable over Clark in view of Feidelson and further in view of McClelland, however, nowhere in the remainder of the Office Action is a basis for the rejection provided. Accordingly, Applicants respectfully request that the rejection of Claim 15 be withdrawn.

IV. VERSION WITH MARKINGS TO SHOW CHANGES MADE

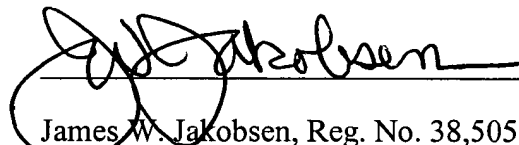
Markings to shown changes made to the paragraph on page 13, lines 19 – 23.

ak -- Those skilled in the art will also appreciate that server 12 may alternatively be configured to store data in an external storage device (not shown) or combinations of internal and ~~internal~~-external storage devices. External storage devices may be local or remote to server 12. In addition, the storage devices of the present invention may be of any type known in the art (e.g., floppy disk, compact disk, tape drive, etc.) --

V. CLOSING REMARKS

Applicants submit that claims 1-40 are in condition for allowance and respectfully requests for them to issue. Any questions regarding this Response should be directed to the undersigned.

Respectfully submitted,
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Attorneys for Applicants

A handwritten signature in black ink, appearing to read "J. W. Jakobsen", is written over a horizontal line.

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